

# Executive Summary

## Financial Controls



This **Executive Summary** will provide you with a concise summary of the key information contained within this segment. It aims to assist you in instigating internal discussions, learning workshops and action plans, to not only help you to understand your current ESR usage, but to also equip you with the knowledge of the complete ESR solution, and how its functionality can support you in meeting your business challenges.

**Increasing productivity and delivering efficiencies is a clear focus for the NHS.** National policies and commissioned reports signal the need to identify workforce improvements, including information management, workforce planning and ultimately, enabling effective people management. NHS organisations need to maintain a clear focus on such workforce measures in order to fully understand how their human resource will meet the needs of today and the future. Within Facing the Facts, Shaping the Future, the Draft Health and Care Workforce Strategy, it states that there are more than 40,000 clinical vacancies in the NHS. With 92% of these vacancies covered by agency or bank staff, robust workforce information must be better aligned with finance and service planning to deliver a future of healthcare that maximises limited resources.

The Draft Health and Care Workforce Strategy reinforces one of the key recommendations from the Carter Report: **“Trust boards ensuring that the Electronic Staff Record (ESR) is reconciled to the financial ledger on a weekly basis**, with a minimum reconciliation of 95% from October 2016”. Effective Establishment Control combined with good workstructure management in ESR will enable your organisation to reconcile its workforce information and FTE values to its finance systems.

One of the main themes within the Five Year Forward View is ‘Getting serious about prevention’, including a ‘Healthier NHS Workplace’, with one of the intentions being to reduce the sickness levels across NHS staff. Public Health England estimate that the cost to the NHS of staff sickness absence is £2.4bn a year which equates to 2.5% of the total NHS budget. This figure excludes the cost of temporary staff to backfill those absences. The Five Year Forward View highlighted that “the NHS could reduce its overall sickness rate by a third – the equivalent of adding almost 15,000 staff and 3.3 million working days at a cost of £550m.”

Improving sickness absence by improved collection of data was identified in the Carter Report with recommendation 1 stating **‘ESR can assist you in managing your organisations sickness absence through the ability to record, monitor and manage any type of absence in real time at local, regional and national levels.’** Essentially, ESR is evidence to enable timely information to be used by managers to actively manage and reduce sickness absence.

### Business Challenges

**The following key questions will assist you in identifying what financial controls you have in place which can be supported through the utilisation of ESR functionality:**

1. Do you know the number and breakdown of vacancies across your organisation?
2. Do your Finance team utilise ESR reporting to reconcile to your finance systems?
3. Are you able to record accurately on establishment control (actual v budgeted + forecast)?
4. Do you have available a full overview of where you are spending or utilising your resources?
5. Are you making the right resource allocations to support the long term goals?
6. Are you able to benchmark & forecast effectively with your workforce information?
7. Is ESR embedded within your financial strategy to enable cost improvements?
8. Are you able to empower your managers to take more ownership of their budget?
9. Are you aware of sickness rates within your organisation including costs by staff type and the resulting cost of temporary staff to backfill absences?
10. Are you able to manage internal and external training costs, and is this budget effectively utilised?
11. Are you aware of the savings your organisation could realise by using e-Learning in ESR rather than creating or procuring other e-learning solutions?

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## Talk with your regional NHS ESR Account Manager or ESR Functional Advisor

The NHS ESR Programme Team is here to support and guide you with the ESR workforce solution.

- Use this tool as a guide for your meetings/learning workshops
- Offer advice and support on all ESR functionality
- Produce your **ESR Annual Statement**, which gives you an assessment of your current ESR usage, including recommendations for system optimisation.

## How can ESR help me in meeting the financial challenge?

An overarching financial case for using ESR is that all aspects of the Solution and Service are centrally funded. This means that the return on your investment – which is a local project delivery investment only – is immediately maximised by not having to procure, fund and maintain such rich capability.

The full utilisation of ESR offers a wide range of cost and service improvements, through the re-modelling of business processes and modernising the workforce, thus enabling the release of improvements to your employees, future employees, managers, and the wider organisation through the use of effective use of the vast range of ESR functionality available.

### Cost Improvements:

- Regular alignment of your finance system with budgeted establishment on ESR allows accurate reporting on your vacancy rates, which further aids recruitment activity and may reduce bank and agency costs
- Efficiency savings in back office functions by using Self Service to perform day to day transactions
- Reduction in paper processes including staff expenses and payslip administration and delivery costs
- Reduction of incorrect data and overpayments as managers view their staff on Self Service in real-time and make amendments as necessary e.g. terminations, absence
- Cost savings to your organisation can be made with demonstrable training compliance
- Use of ESR interfaces including IAT to reduce duplicate data entry and minimise data input errors

### Service Improvements:

- Time releasing savings from streamlined processes
- Reduced cross charging and journal entries, with month-end reconciliation when using Establishment Control in ESR
- ESR Self Service drastically reduces the time delay in entering absence information, and ensures data is entered only once, at source
- Data quality improvements using ESR interfaces
- Notional vacancies can be used to indicate the gap between full and actual staffing levels
- Where notional vacancies are high, Business intelligence reports can provide indications as to the cause of the problem, including:
  - High Sickness Absence rates or Bradford Factor
  - High Staff Turnover
  - High Agency/Bank usage
  - High Overtime Working
  - Reason for Leaving/Destination on Leaving

## What do I need to do?

### Evaluate...

**Understand your current ESR usage to identify areas for achieving improved financial controls using ESR.**

- Do I understand the ESR functionality available to support effective financial controls in ESR?
- How can I reduce bank and agency spend by streamlining back office processes to reduce vacancy rates and absence?
- Do we ensure that all positions in ESR are maintained and synchronised with our finance system?
- How easily can we report on our workforce related KPIs i.e. vacancy, sickness, turnover and compliance?
- Do I know how much we spend on delivering training?

*For more questions, click on 'Start a Conversation' icon within the Skilled Workforce segment of the Discover Your ESR tool.*

### Consider...

**Understanding the opportunities for financial efficiencies available to you and your organisation, when considering the wider NHS landscape will help to ensure you deliver a cost efficient service both for today and for the future.**

- Do we comply with current national streamlining advice?
- How do we ensure we are maximising the ESR functionality to make us a model employer in the wider NHS landscape?
- Is our workforce plan in line with Sustainability and Transformation Plan activity and expectations or national guidance?

### Take Action...



Meet with your Head of Finance



Meet with your Assistant HR Director / Head of Workforce / ESR Lead Finance Lead

*For a suggested list of questions and subject areas for discussion, please re-visit the Discover Your ESR tool.*

## How to achieve maximum efficiencies

Understanding the connectivity of all the functionality within your ESR, will help you identify how you can make the workforce management solution work for you in order to assist you in meeting the financial challenge facing the NHS today. By utilising all the functionality you will gain maximum benefits to your back office functions, enabling your managers and your workforce to achieve overall benefits to them and to the organisation. **To gain a greater understanding of how to fully optimise the solution, click on the 'System Optimisation' icon within the Financial Controls segment in the Discover Your ESR tool.**

